

GSA ORDER

SUBJECT: Public Buildings Service Value Engineering Programs

1. Purpose. This order serves to redefine and revise the Public Buildings Service (PBS) Value Engineering (VE) effort.

2. Cancellations. PBS P 8000.1A, PBS P 8020.1B, and PBS 8050.1B are canceled.

3. Background.

a. The PBS VE Program was established in 1970. During the following 5 years the program was expanded in scope of application and developed into a Value Management (VM) Program with full-time employees performing VE analysis on PBS projects and programs. The VM Program was formally established in 1974.

b. A series of standard PBS value incentive contract clauses was developed in conjunction with the VM program, and was issued for use in 1978. Also in 1978, PBS issued a handbook, Value Management (PBS P 8000.1A) of detailed instructions for operation of the VM Program. That handbook prescribed a heavily in-house oriented, resource-intensive VE process under a centralized management approach. The method of implementing VE studies in PBS has changed. In-house effort requiring GSA value specialists has been replaced by VE services contracted from private firms. Also, the previously issued value incentive contract clauses have been superseded by VE clauses provided in the Federal Acquisition Regulation (FAR) and General Services Acquisition Regulation (GSAR).

c. Throughout its history in PBS, practical application of VE has been predominantly on major design and construction (D&C) projects. The GSA HB, Architect-Engineer and Construction Management Value Management Services (PBS P 8010.1), was issued specifically for the D&C program. This handbook established requirements for obtaining contract VM services and provided related administrative guidelines. The D&C handbook contains dollar thresholds and other requirements that are no longer valid in the current environment and need revision.

d. There has recently been a renewal of emphasis on VE in the Federal Government. OMB Circular A-131, Value Engineering, dated January 26, 1988, requires all Federal agencies to establish and improve their use of VE Programs in all applicable areas, including all major systems as defined by Public Law 93-400 (41 U.S.C. 403). The implementing GSA order, GSA Value Engineering Program (ADM 8030.1A), requires the establishment or improvement of agency VE Programs in all GSA offices having programs and procurements which lend themselves to the conduct of VE studies. The GSA order also establishes a GSA VE Program Director in the office of the Associate Administrator for Acquisition Policy (V), and requires each GSA Service to appoint a VE Program Director.

4. Nature of revisions. This revision does the following:

a. Disestablishes VM councils;

- b. Disestablishes VM boards;
- c. Eliminates outdated VE contract clauses;
- d. Provides guidance for redirection of PBS VE effort under a decentralized management approach;
- e. Defines the role of the PBS VE Program Director;
- f. Modifies the applicability of the GSA HB; Architect-Engineer and Construction Manager Value Management Services (PBS P 8010.1); and
- g. Requires appointment of VE Program Managers with full authority and responsibility to establish, implement and maintain VE Programs for all PBS operational areas suited to VE application.

## 5. Definitions.

- a. Value Engineering. An organized effort directed at analyzing the functions of systems, equipment, facilities, services, and supplies for the purpose of achieving the essential functions at the lowest life cycle cost consistent with required, performance, reliability, quality, and safety.
- b. Value Engineering Change Proposal (VECP). A change proposal that is submitted by a contractor under a value engineering incentive or program requirement clause included in a Federal contract.
- c. Value Engineering Proposal (VEP). A change proposal developed by employees of the Federal Government or contractor value engineering personnel under contract with the agency to provide value engineering services for the contract or program.
- d. Life Cycle Cost (LCC). The summation of all costs over the useful life of a building, system or product. It includes all relevant costs to the Government to acquire, own, operate, maintain and dispose of a building, system or product over a specified period of time, less any salvage value.

6. Goal and objectives. The goal of the PBS VE effort is to obtain maximum value for funds expended over the life cycle of systems, equipment, facilities, services and supplies, recognizing that the potential savings are generally greater during the early phases of project/program development. The related objectives are to:

- a. Increase awareness and application of VE as a cost management tool;
- b. Extend available resources (financial, personnel, material) by eliminating nonessential costs;
- c. Improve operating efficiency by application of LCC analysis in the development of projects and programs;
- d. Instill the concepts and methodology of VE in PBS managers and technical staff;
- e. Emphasize the advantages of VE in the planning, development and design stages of projects or programs, whereby the Government receives full benefit of optimum savings opportunities (as opposed to shared savings with contractors); and

f. Encourage full application and use of value engineering provisions in PBS contracts.

7. Program management.

a. PBS VE Program Director. The Commissioner, PBS, has appointed a PBS VE Program Director, as required by ADM 8050.1A. The responsibilities of the PBS VE Program Director are to:

- (1) Promote the use of VE and monitor its application throughout PBS;
- (2) Provide management guidance to Assistant Commissioners on the establishment, implementation and maintenance of VE Programs; and
- (3) Consolidate summary VE Program data from all PBS offices for reporting to the GSA VE Program Director.

b. VE Program Managers. The Assistant Commissioners, Offices of Planning (PL), Real Property Development (PQ), Real Property Management and Safety (PM), Governmentwide Real Property Policy and Oversight (PG), PBS Information Systems (PK), and Physical Security and Law Enforcement (PS) will identify operational areas within their offices which are suited to application of VE, in accordance with the provisions of the GSA Order ADM 8030.1A, and appoint VE Program Managers to establish, implement and maintain VE Programs for identified operational areas. Names and telephone numbers of VE Program Managers will be reported to the PBS VE Program Director. Appointments will be updated as necessary. The authorities and responsibilities of the VE Program Managers are to:

- (1) Establish a VE Program tailored to the mission and organizational structure of the office involved.
- (2) Emphasize, through training, evaluation, and other programs, the potential for VE to reduce unnecessary costs.
- (3) Establish criteria and guidelines to identify those programs and projects that are most appropriate for VE studies. The criteria and guidelines should recognize that the potential savings are generally greatest during planning, design and other early phases of project/program development.
- (4) Require that files be documented to explain why VE studies were not performed or required for any programs/projects meeting the established criteria.
- (5) Establish guidelines to evaluate and process value engineering proposals.
- (6) Develop and issue, through the Assistant Commissioners, regional guidelines for administration of VE Programs. Receive, assemble and forward to the PBS VE Program Director, data on resources expended and results achieved through VE.

c. Controller (PF). The Controller will ensure that funds and full-time equivalents (FTE) necessary for operating VE Programs are included in annual budget requests. The Controller will disseminate guidance from the Office of the Comptroller (B) on funding for VE staffing, awards, training, and on the disposition of savings from contract and internal VE Programs. The Controller will assist the VE Program Managers with development and administration of VE training programs.

d. Assistant Commissioner for Procurement (PP). With support as necessary from the program offices

identified in subpar. 7b, the Assistant Commissioner for Procurement will develop and issue guidance to ensure that all affected PBS contracting officers and their duly authorized representatives:

(1) Ensure that appropriate VE provisions are included in contracts associated with planning, development and design stages of projects or programs.

(2) Actively elicit soundly based VECs from contractors.

(3) Promote VE through contractor meetings and the dissemination of promotional and informational literature regarding VE provisions of contracts.

(4) Process VECs in a timely manner and document contract files when it takes more than 45 days to accept or reject a VEC.

(5) Document contract files to explain the rationale for accepting or rejecting VECs.

(6) Use the VE clauses provided in the FAR and/or GSAR for appropriate supply, service, architect-engineer and construction contracts.

e. Assistant Regional Administrators for PBS. The Assistant Regional Administrators for PBS will:

(1) Ensure that regional PBS Divisions and staff offices comply with VE Program guidance issued by the Controller and Assistant Commissioners in accordance with Subpars. b., c. and d. above.

(2) Ensure regional compliance with reporting requirements provided in par. 9, below.

8. VE guidance for D&C projects. The GSA HB, Architect-Engineer and Construction Manager Value Management Services (PBS P 8010.1) will be canceled upon issuance of new documents currently under development. For the interim, the provisions of the current handbook are to be treated as optional guidance only. Regional D&C program managers should tailor VE requirements to individual projects based on the general guidance contained in this order, with appropriate adjustments to the specific requirements in the handbook. All references in the handbook to other directives canceled by this order should be disregarded. No design phase VE services are required on D&C projects which fall below the prospectus construction dollar threshold prescribed by Section 7 of the Public Buildings Act of 1959, as amended (40 U.S.C. 606).

9. Reporting requirements.

a. Each VE Program Manager must submit periodic summary reports on their VE Program to the PBS VE Program Director. VE program managers are required to maintain documentation supporting their summary reports. Reports must be submitted by April 10 for the preceding 6-month period of October 1 through March 31 and by October 10 for the preceding 1-year period of October 1 through September 30.

b. Each report must include:

(1) The estimated total amount of funds invested in VE during the fiscal year and the estimated amount of return on investment for in-house or contractor VE efforts, if available,

- (2) The total VE savings achieved during the fiscal year;
  - (a) Savings achieved by in-house staff.
  - (b) Savings generated by contractors.
- (3) The number of employees assigned to value engineering work;
  - (a) Number of employees dedicated full time to VE.
  - (b) Number of FTE used on VE activity.
- (4) Number of employees receiving 8 hours or more of VE training during the fiscal year;
- (5) Number of VE proposals received during the fiscal year, number of these proposals wholly or partially accepted, and number still pending at the end of the reporting period; and
- (6) Any other VE Program data that may be requested.

10. Resources. The VE Programs outlined in this order must be initially implemented within currently available resource allocations. PBS program offices planning to establish new or expand existing VE programs in response to this Order should include related resources in their annual budget requests. Implementation plans should accommodate the 2-year lead time inherent in the PBS budget cycle. VE activities that are not inherently governmental should be contracted if the necessary VE capability is not available in-house.

11. Implementing actions. The PBS Assistant Commissioners, Controller, and Assistant Regional Administrators shall initiate all actions necessary to implement this order.

C. COLEMAN  
Commissioner  
Public Buildings Service

▼ Validation

**Status: Final**